

## Company Overview

Base Currency	GBP
Launch Date	12.06.1989
Benchmark	MSCI Emerging Markets Index
Total Net Assets (GBP)	1,403.11 million
Market Capitalisation (GBP)	1,231.12 million
Gearing	0%
Invested Assets	93.6%
Ongoing Charges Ratio	1.21%
Number of Shares in Issue	308,243,392
ISA Status	Yes

## Summary of Investment Objective

TMIT seeks long-term capital appreciation through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries. The base currency of the Trust is GBP.

## Fund Management

Mark Mobius: United Kingdom

From 1 October 2015, Carlos Hardenberg, senior vice president and managing director, Templeton Emerging Markets Group will be lead portfolio manager of TMIT working alongside Dr. Mark Mobius, executive chairman of Templeton Emerging Markets Group, who remains as a portfolio manager.

## Pricing Information

NAV (Cum-Income)	455.20p
Ordinary Share Price	399.40p
Discount (Cum-Income)	-12.26%
Net Yield	1.59%

## Ratings

Morningstar™ Workstation	Global Emerging Markets
Category:	Equity
Morningstar™ Overall Rating:	★★

## Market Capitalisation Breakdown (%)

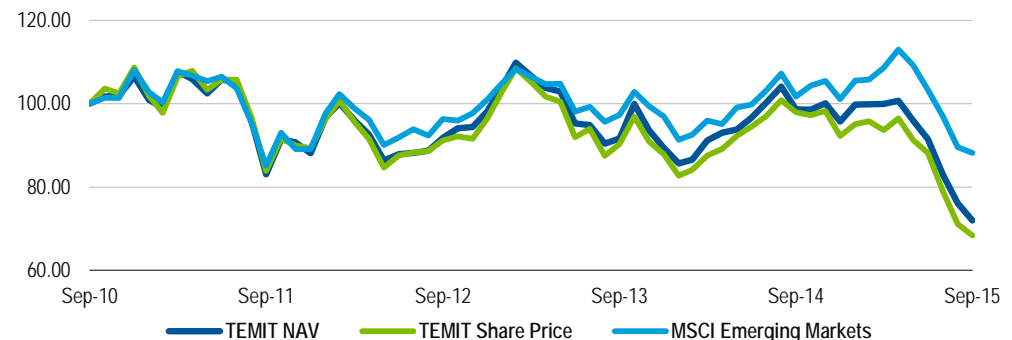
<1.5 Billion	10.53
1.5-5.0 Billion	29.24
>5.0 Billion	58.19
Not Available	2.04

## Board of Directors

Peter A Smith (Chairman)  
Christopher D Brady  
Hamish N Buchan  
Neil A Collins  
Peter O Harrison  
Beatrice Hollond  
Greg Johnson  
Paul Manduca

## Performance

Performance over 5 Years in GBP



Performance in Share Class Currency (%)

	Cumulative Performance						Discrete Annual Performance				
	3 Mths	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept	Sept-14 Sept-15	Sept-13 Sept-14	Sept-12 Sept-13	Sept-11 Sept-12	Sept-10 Sept-11
Share Price	-22.52	-30.26	-25.08	-31.68	84.64	1,472.96	-30.26	8.49	-0.97	8.75	-16.15
NAV	-21.36	-27.03	-21.66	-28.06	81.94	1,672.63	-27.03	7.58	-0.20	10.57	-16.96
Benchmark	-14.63	-13.29	-8.41	-11.80	83.06	856.91	-13.29	4.55	1.04	13.19	-14.92

Past performance is not an indicator nor a guarantee of future performance. The value of shares in TMIT and income received from it can go down as well as up, and investors may not get back the full amount invested. Performance details are in TMIT's base currency, include the reinvested dividends net of basic rate UK tax and are net of management fees. Sales charges and other commissions, other taxes and relevant costs to be paid by an investor are not included in the calculations. Performance may also be affected by currency fluctuations. Up to date performance figures can be found on our local website.

## Top 10 Holdings

Name of Issuer	Sector	Country	% of Total
Brilliance China Automotive	Consumer Discretionary	Hong Kong / China	8.8
Unilever	Consumer Staples	United Kingdom	4.7
Siam Commercial Bank	Financials	Thailand	4.3
MCB Bank	Financials	Pakistan	4.0
VTech	Information Technology	Hong Kong / China	3.7
Kasikornbank	Financials	Thailand	3.7
Dairy Farm	Consumer Staples	Hong Kong / China	3.6
Itau Unibanco, ADR	Financials	Brazil	3.6
Astra International	Consumer Discretionary	Indonesia	3.3
Banco Bradesco, ADR	Financials	Brazil	2.9

## Largest Contributors and Detractors to Performance (3 months to 30.09.2015)

Largest Contributing Securities	Sector	Country	Total Effect (%)
Unilever	Consumer Staples	United Kingdom	0.51
VTech	Information Technology	Hong Kong / China	0.38
Tata Consultancy Services	Information Technology	India	0.19
MCB Bank	Financials	Pakistan	0.19
Guangzhou Automobile Group	Consumer Discretionary	Hong Kong / China	0.12

Smallest Contributing Securities	Sector	Country	Total Effect (%)
Astra International	Consumer Discretionary	Indonesia	-0.62
Petrochina Co Ltd	Energy	Hong Kong / China	-0.63
Compania De Minas Buenaventura	Materials	Peru	-0.65
Banco Bradesco, ADR	Financials	Brazil	-0.83
Kumba Iron Ore	Materials	South Africa	-0.91

**Sector Weightings v Benchmark (%)**

Sector	TEMIT	Benchmark	+/-
Financials	29.28	28.56	0.72
Energy	18.44	7.49	10.95
Consumer Discretionary	18.04	9.38	8.66
Information Technology	13.67	18.08	-4.41
Consumer Staples	11.2	8.79	2.4
Materials	4.74	6.61	-1.86
Industrials	4.63	7.48	-2.85
Telecommunication Services	0	7.37	-7.37
Utilities	0	3.35	-3.35
Health Care	0	2.89	-2.89

**Largest Contributors/Detractors to Performance (3 months to 30.09.2015)**

Sector	Total Effect (%)
Information Technology	0.16
Industrials	-0.39
Consumer Staples	-0.53
Financials	-0.60
Consumer Discretionary	-1.22
Materials	-2.05
Energy	-2.47

**Fundamental Portfolio Characteristics as at (30.09.2015)**

	TEMIT	Benchmark
Price / Earnings	10.52	12.36
Price / Book	1.29	1.36
Price / Cash Flow	4.95	7.49
Dividend Yield	3.59	2.98
Average Market Capitalisation (million £)	17.18	23.74

**Country Weightings v Benchmark (%)**

Country	TEMIT	Benchmark	+/-
China / Hong Kong	28.46	23.44	5.02
Thailand	14.51	2.25	12.26
Brazil	11.39	6.10	5.29
South Korea	9.70	15.53	-5.83
India	7.96	8.91	-0.95
Indonesia	6.13	2.14	3.98
Pakistan	5.44	0.00	5.44
United Kingdom	5.05	0.00	5.05
Turkey	2.85	1.42	1.43
Russia	2.56	3.82	-1.26

**Largest Contributors/Detractors to Performance (3 months to 30.09.2015)**

Country - Largest Contributors	Total Effect (%)
United Kingdom	0.52
Nigeria	0.05
Jordan	0.03
Country - 5 Largest Detractors	Total Effect (%)
Thailand	-0.71
Indonesia	-0.87
South Africa	-1.07
South Korea	-1.16
Brazil	-1.38

**Risk Statistics (as at 30.09.2015)**

	1 Year	3 Years
Alpha	-16.48	-4.52
Beta	0.93	1.09
Annualised Downside Risk	15.76	12.23
Information Ratio (Relative)	-2.53	-0.75
R <sup>2</sup>	85.38	82.10
Sharpe Ratio	-1.98	-0.54
Annualised Tracking Error	5.42	6.58
Annualised Volatility	13.92	15.30
Positive Months	5	19
Negative Months	7	17

**INVESTMENT APPROACH**

The investment management team, is led by Carlos Hardenberg, senior vice president and managing director, Templeton Emerging Markets Group from 1 October 2015, working alongside Dr. Mark Mobius, executive chairman of Templeton Emerging Markets Group, who remains as a portfolio manager. In addition, Chetan Segal will continue to serve as Senior Research Analyst. The team uses in-depth company research to find securities in any emerging market country or industry sector, regardless of company size, that they believe are undervalued by the market but have the potential to increase in value over time.

Using a time-tested investment philosophy and a long-term approach to value-oriented investing, the investment team look beyond short-term news, noise and emotion to identify the most compelling investment opportunities available.

Shareholders in TEMIT should consider it as a long-term financial commitment. Please refer to the latest annual report for more details of the risks associated with an investment in TEMIT.

**GLOSSARY OF TERMS**

**Alpha** - Alpha measures the difference between a portfolio's actual returns and its expected performance, given its level of risk (as measured by beta). A positive alpha means that the portfolio has over performed, a negative alpha means the portfolio has under performed; for example, an alpha of 1.0 means the portfolio outperformed the market 1.0%.

**Beta** - Beta is a measure of a portfolio's sensitivity to market movements. It measures the relationship between a portfolio's excess return over an investment in a risk-free investment such as cash and the excess return of the benchmark index. For TEMIT, this is the Investment Trusts Global Emerging Markets Universe. By definition, the beta of the benchmark (in this case, an index) is 1.00. Accordingly, a portfolio with a 1.10 beta has performed 10% better (after deducting the cash rate) than the index in up markets and 10% worse in down markets, assuming all other factors remain constant. A portfolio with a high beta will tend to move more than the benchmark, a portfolio with a low beta will tend to move less.

**Contributor** - The amount an individual stock, country or sector has added to the performance of the entire portfolio for a given period.

**Cumulative Performance** - The percentage increase or decrease of a portfolio's share price or NAV over a given time period, with net income (dividends) reinvested. The fund's performance is usually benchmarked against either a relevant index or sector.

**Detractor** - The amount an individual stock, country or sector has subtracted from the performance of the entire portfolio for a given period.

**Discrete Annual Performance** - The percentage increase or decrease of a portfolio's share price or NAV over a complete 12 month period, with net income (dividends) reinvested. The fund's performance is usually benchmarked against either a relevant index or sector.

**Dividend Yield** - The yield a company pays out to its shareholders in the form of dividends. It is calculated by the dividends paid per share over a year divided by the stock's price. For a vehicle like TEMIT, which invests in a number of companies, this figure represents the weighted average annual dividend paid by all of the companies in which it invests. Because of share types, fees and other considerations, the dividend yield quoted here should not be used as an indication of the income to be received from this portfolio.

**Downside Risk** - Downside risk is a measurement which only considers negative returns. It is calculated as a downside deviation of returns below the Risk Free Rate (this is the amount a manager could expect to receive by investing in a "risk free" asset, such as with a cash deposit).

**Gearing** - Gearing (sometimes described as leverage)- a term used to describe the process of borrowing money for investment purposes in the expectation that the returns on the investments purchased using the borrowings exceeds the costs of those borrowings. It illustrates the effect that current prior charges may have on the value of the shareholder funds if the total assets were to rise or fall. A figure of 115 means that the shareholder funds are 15% geared and indicates the extra amount by which the shareholder funds would rise or fall if the total assets were to rise or fall. A figure of 100 means there is no gearing.

**Information Ratio** - This ratio divides the annualised average return for the portfolio by the Tracking Error (Relative). The higher the ratio, the better, as it reflects the extent to which a portfolio has outperformed the benchmark.

**Market Capitalisation** - The total market value of a company's shares. For a vehicle like TEMIT, which invests in a number of companies, this is calculated by the share price on a certain date multiplied by the number of shares in issue.

**GLOSSARY OF TERMS (continued)**

**Market Cap (average)** - The weighted average of all the companies in which it invests.

**Maximum Gain** - The best possible investment period in the period analysed. This includes temporary down periods.

**Maximum Loss** - The worst possible investment period in the period analysed. This includes temporary up periods.

**NAV** - Net Asset Value, or the total value of the portfolio at any one time, including all shares and cash, divided by the number of shares in issue.

**Ongoing Charges Ratio ("OCR")** - From the year ending 31 March 2012, the Ongoing Charges Ratio ("OCR") replaces the Total Expense Ratio. Prior year numbers have not been restated as the ratios are not materially different. The OCR represents the annualised ongoing charges of the Company divided by the average daily net asset values of the Company for the year, and has been prepared in accordance with the AIC's recommended methodology.

**Portfolio Turnover Rate** - The frequency with which assets within a portfolio are bought and sold by the manager. Portfolio turnover is calculated by taking either the total amount of new securities purchased or the amount of securities sold - whichever is less - over a particular period, divided by the total Net Asset Value (NAV) of the portfolio. The measurement for a 12-month time period.

**Positive & Negative Periods** - This shows how many positive/negative months returns that a portfolio experiences across a period.

**Price to Book (P/B)** - The price per share of a stock divided by its book value (i.e. net worth) per share. For a portfolio, the ratio is the weighted harmonic average price/book ratio of the stocks it holds.

**Price to Cash Flow (P/CF)** - Supplements price/earnings ratio as a measure of relative value; it represents a weighted harmonic average of the price/cash flow ratios for the underlying portfolio holdings.

**Price to Earnings (P/E)** - The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, it is the weighted harmonic average P/E ratio of the stocks in the portfolio. P/E is a good indicator of market expectations about a company's prospects; the higher the P/E, the greater the expectations for a company's future growth in earnings.

**R2** - R2 or R squared, is an indication of how closely aligned the portfolio and the benchmark index are. R2 ranges between 0 and 1, with 0 indicating a lot of difference and 1 indicating a perfect match. A value of 0.7 and upwards generally suggests that a portfolio's performance is very closely linked to the performance of the benchmark index.

**Share Price** - The cost of a unit of ownership in a company as purchased through the stock exchange.

**Sharpe Ratio** - Sharpe Ratio judges whether the relationship between a portfolio's risk and its return is good or bad. The underlying assumption is that a portfolio manager could invest in a riskless asset (such as cash), therefore the return of the risk free asset is deducted from the annualised average return. This net return is then divided by the total risk (annualised volatility). The higher the ratio the better the return for investors for the risk taken.

**Total Net Assets** - The total value of a company's shares. For a vehicle like Temit, which invests in a number of companies, this is calculated by the Net Asset Value (NAV) on a certain date multiplied by the number of shares in issue.

**Tracking Error (Relative)** - Tracking Error (Relative) measures how much the return of the portfolio deviates from the benchmark index. The lower the tracking error of the portfolio, the more it resembles the benchmark in terms of risk and return characteristics.

**Trust** - A Trust, or Investment Trust, is a closed ended vehicle investing in a wide variety of underlying investments. Investment Trusts are traded in exactly the same way as any other equity on the London Stock Exchange. The price at which they are traded (share price) depends on the demand for the shares in the investment trust and is often at a variance with the value of their underlying holdings (or NAV).

**Volatility** - This is a statistical measure of the amount of movement in the price of a share or portfolio over a given period of time. If a portfolio's share price hardly moves over time, it is said to have a low volatility. Volatility is a simple measure of the consistency of returns.

**IMPORTANT INFORMATION**

The price of shares in Temit and income from them can go down as well as up and you may not get back the full amount that you invested. **Past performance is not an indicator, nor a guarantee of future performance.** Currency fluctuations will affect the value of overseas investments. Investments in fund denominated in a currency other than sterling, your performance may also be affected by currency fluctuations. In emerging markets, the risks can be greater than in developed markets.

This document does not constitute or form part of an offer for shares or an invitation to apply for shares. An investment in Temit entails risks which are described in the current Annual Report. Please consult your professional adviser before deciding to invest.

Performance figures are not based on audited financial statements and, unless indicated otherwise, assume reinvestment of interest and dividends.

Data from third party sources may have been used in its preparation and Franklin Templeton Investments has not independently verified, validated or audited such data.

References to particular industries, sectors or companies are for general information and are not necessarily indicative of a portfolio's holding at any one time.

Opinions expressed are the author's at publication date and they are subject to change without prior notice. Given the rapidly changing market environment, we disclaim responsibility for updating this material.

Attribution-related data provided by FactSet as at 30/09/2015. Relative attribution refers to the MSCI Emerging Markets Index in sterling terms.

References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund.

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